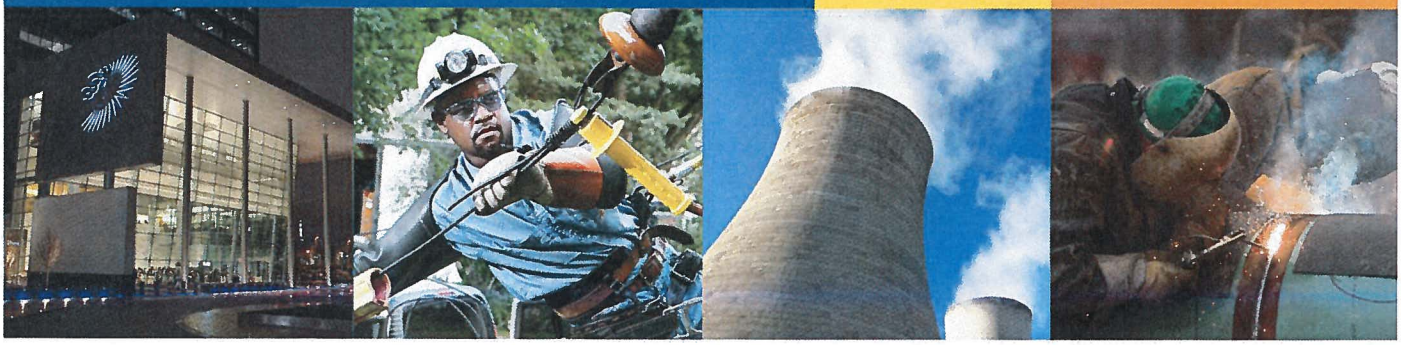
DTE Energy®

Written Comments on House Bill 4220

House Energy Policy Committee

February 21, 2017

Steve Kurmas, Vice Chairman of DTE Energy



Good morning, Chairman Glenn, Vice Chair Hauck, Vice Chair Lasinski, and members of the House Energy Policy Committee. My name is Steve Kurmas; I am the Vice Chairman of DTE Energy. Thank you for providing the opportunity to testify today regarding House Bill 4220 on advanced meter infrastructure (AMI) in Michigan. I recognize that this is a complex issue, so I want to commend the Committee for taking the time to evaluate the issue.

As of today, well over 65 million AMI have been installed across the US with no issues of health or security.[1] In fact, Canada attained 100% installation across the country in 2012.

DTE Energy's experience with this technology spans across the last decade. Today, I would like to share our experiences gained throughout this process, and our focus on our customers, their privacy, and their safety. I have also included additional detail in the addendum of my testimony on AMI processes, regulations, and practices for your reference.

AMI, otherwise known as smart meters, upgrades the grid to improve the quality of electric and gas service to our customers. The difference between AMI and traditional meters is simple: AMI allows wireless communication between the meter and the utility. This technology started out with more basic expectations; namely as a way to eliminate expensive and sometimes intrusive manual meter readings, update decades-old technology, and remotely connecting or disconnecting service. These basic features save costs to our customers by eliminating the need for costly, in-person manual readings or self-readings on aging, often less-than-accurate infrastructure.

Now, however, AMI provides a variety of customer service features that allow customers to better manage their consumption and avoid high energy bills. But the most important evolution of this technology is in the area of grid reliability, including the ability to shift to smart grid features. By embracing AMI, DTE Energy can take actions - such as isolating and resolving outages remotely and analyzing the grid to predict and prevent grid failures – to improve the quality and dependability of service to our customers.

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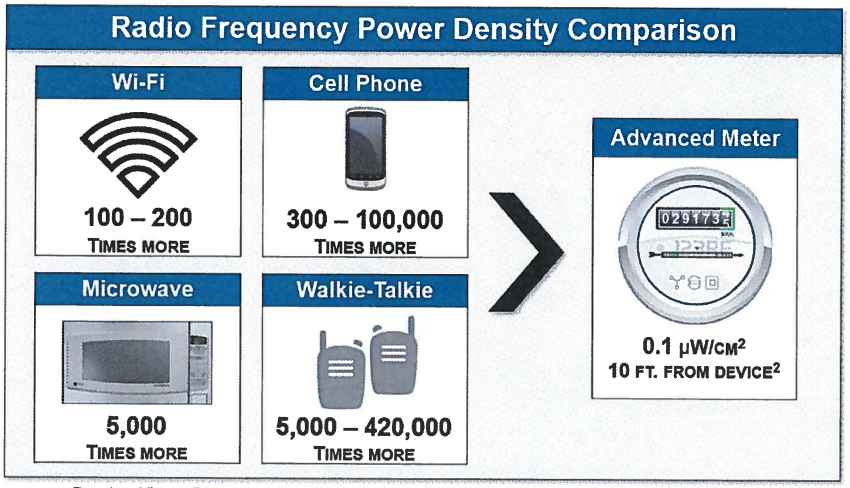
[1] 'Health Impacts of Radio Frequency Exposure from Smart Meters," California Council on Science and Technology, March 31, 2011.

As of today, over 3.1 million DTE Energy customers have chosen to embrace the benefits of AMI technology. However, we also believe that customers should have the option to choose whether or not to participate in this program. 99.7%[2] of our customers are satisfied with their meter upgrades, but DTE Energy has created an affordable, easy-to-understand process for "opting-out" of AMI service for those customers who choose not to participate. AMI's one-time fee of $67.20 and monthly fee of $9.80 are set based on cost of service principles to avoid subsidies.

One important benefit of AMI technology which I would like to highlight is increased privacy for our customers. Because energy usage data is sent remotely to DTE, there is no longer a need to send a meter reader into a customer's backyard or basement once a month. I want to stress that an AMI meter **only** collects total electric or gas usage and securely sends this encrypted data to DTE Energy for billing purposes. AMI does not have the capability of collecting specific data on how electricity or gas is used within the home. DTE Energy firmly believes that any energy usage data belongs to the customer, and we strongly support the state and federal regulations that restrict the selling, renting, or sharing of this data.

Many common household items have radio frequency intensity far greater than Advanced Meters and are still well below FCC limitations[1]



1. Bender, Klaus, Director of Standards & Engineering, Utilities Telecom Council (UTC). "No Health Threat from Smart Meters."
2. Device Radio Frequency Power Density in microwatts per square centimeter

Finally, AMI has been thoroughly vetted by scientists and health experts across the US to ensure the safety and well-being of utility customers. AMI meters use very low-power radio frequency (RF) waves to communicate usage data to DTE Energy. Many household devices such as radios, televisions,

[2] DTE Energy has installed 3,165,342 AMI to date, while 8,779 customers have opted out of the AMI program.

microwaves, and even baby monitors use this same technology. In fact, the average cellphone produces as much as 100,000 times more RF than an AMI meter.

We live and work in the same communities as our customers; our employees are our own customers. We would not deploy a technology that we believe would not benefit our customers, promote safety, and improve our service.

Thank you again for this opportunity to testify here today.

Advanced meter infrastructure (AMI) upgrades DTE Energy's grid to improve the quality of electric and gas service to our customers. This technology improves billing accuracy, eliminates the need for manual meter readings, and reduces the need for estimated bills. Additionally, AMI supports overall grid reliability and response time by identifying problems such as power outages or power quality issues, more quickly. Finally, AMI technology allows DTE to quickly connect or disconnect utility service to reduce customer wait times and assist police or fire officials in the event of an emergency.

Since 2008, DTE has installed over 3.1 million gas and electric smart meters in homes and businesses throughout Michigan and plans to install the remaining 125,000 in the coming years. While the vast majority of DTE Energy customers have embraced this advanced technology, some have voiced their concerns about AMI. Current regulations provide an easy "opt out" program for any residential customer who does not wish to have their meter upgraded. To date, 99.7% of DTE Energy's customers have elected to upgrade to AMI technology.

The current regulatory structure, which was developed over the span of a decade with extensive participation of the Michigan Public Service Commission (MPSC) to ensure customer protection and affordability, has been thoroughly vetted to address each of these areas of concern.

Concern	HB 4220 Provisions	Current Regulations & Practices	References
Data Security	• Utility may not rent, sell, or share customer usage data • Data must be encrypted • Data cannot be posted on the internet without encryption and password protection	• DTE does not rent, sell, or share customer usage data • Usage data is encrypted • Data regarding usage of specific appliances is not collected by the utility	These provisions were vetted through the data security tariff in the MPSC case **U-17102**

Opt-out Communication, Procedure & Costs	• Utility must notify customers in writing with their intention to install or upgrade a smart meter
	• Utility must inform customer of opt-out procedure before installing AMI
	• Customer has 45 days to request opt-out
	• Utility may charge a $150 1-time fee to remove and replace AMI
	• Utility may charge a $5 fee for customers who do not self-read
		• DTE provides both letters and brochures to the customer ~ 30 days prior to installation
		• DTE provides door hangers to notify customers upon completion of installation
		• DTE includes information about the opt-out procedure with AMI communications
		• Customers can opt-out at any time
		• DTE Energy's opt-out fee was established consistent with cost-of-service principles
		  ○ $67.20 to install non-transmitting meters
		  ○ $9.80 monthly fee to account for the cost of manual meter reading
			This opt-out process and the associated charges were established under MPSC case **U-17053** and upheld in Michigan's appellate courts.

Customer Meter Self-reading	• Utility must allow customers to self-read their meters • Utility must obtain an actual reading of customers' meters at least once every 12 months • Customers who intentionally inaccurately report their usage will be penalized	• DTE is required by the MPSC to obtain an actual reading of each meter at least once every 12 months • Customers are allowed to record and send meter readings • Meters are utility-owned infrastructure that is connected to the grid. DTE must be able to access the meter to properly maintain utility infrastructure	The MPSC denied proposals for self-reading and bypassing utility readings in case **U-17053**

Utility Remote Shutoff	• Utility may not remotely shut off a customer's service unless:
	  ○ A utility representative visits the property 48 hours prior to shutoff
	  ○ Utility has a verified program to securely shut off service through a utility computer system
		• All processes and rules for service shutoffs are set by the MPSC. These rules are regularly reviewed by the Commission to account for changing technologies	The MPSC set forth these rules in the "**Consumer Standards and Billing Practices for Electric and Gas Residential Service**"